

**MINUTES
of the
SECOND MEETING
of the
CAPITOL BUILDINGS PLANNING COMMISSION**

**September 3, 2013
Room 311, State Capitol
Santa Fe**

The second meeting of the Capitol Buildings Planning Commission (CBPC) was called to order by Secretary of General Services Edwynn L. Burckle on September 3, 2013 at 1:10 p.m. in Room 311 of the State Capitol.

Present

Edwynn L. Burckle, Secretary of General Services, Co-Chair
Rep. W. Ken Martinez, Speaker of the House of Representatives, Co-Chair
Tom Church, Secretary-Designate of Transportation
Tom Clifford, Secretary of Finance and Administration
Veronica N. Gonzales, Secretary of Cultural Affairs
Elaine Olah, Designee for Ray Powell, Commissioner of Public Lands
Patrick Simpson, Designee for Petra Jimenez Maes, Chief Justice of the New Mexico Supreme Court
Clarence Smith, Designee for James B. Lewis, State Treasurer
Rep. Thomas C. Taylor, House Minority Floor Leader

Absent

Sen. Stuart Ingle, Senate Minority Floor Leader
Sen. Mary Kay Papen, Senate President Pro Tempore

Staff

Raúl E. Burciaga, Director, Legislative Council Service (LCS)
Lisa Sullivan, Staff Attorney, LCS
Cassandra Jones, Research Assistant, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Tuesday, September 3

Members of the commission introduced themselves.

Approval of Agenda

Members of the commission voted unanimously in favor of approving the agenda for the second meeting of the CBPC for the 2013 interim.

Adoption of Minutes

Members of the commission voted unanimously in favor of adopting the minutes from the first meeting of the CBPC for the 2013 interim.

Life Cycle Cost Management Issues

John Petronis, Architectural Research Consultants, Inc., (ARC), referred the commission to a handout regarding leased and owned properties. Mr. Petronis told the commission that the state owns approximately 16.4 million square feet of space and leases approximately 3.1 million square feet of space. About 90% of leased space is for general office use. The state pays about \$48 million for leases, excluding judicial leases. Mr. Petronis told the commission that because the cost of capital to the public sector is less than that available to the private sector, the public sector should be able to own assets at a lower total cost than leasing them. Mr. Petronis told the commission that the Life Cycle Cost Analysis (LCCA) Application developed by the CBPC for analyzing lease-purchase submittals demonstrates the cost difference between different acquisition methods.

Mr. Petronis presented the commission with a sample summary table of discounted cash flow life cycle costs of several project alternatives. Mr. Petronis also discussed the 40-year cost of a building in terms of owning or leasing, as well as the first-year costs and any residual value. Mr. Petronis told the commission that in certain cases, leasing might be a better choice. Leases provide more flexibility when needs are short term or uncertain. Leasing can also be effective when the state does not own appropriate space, when the lease rate is below a certain level, when the state does not want to invest in capital costs or when federal leases are reimbursed to the state.

Members of the commission discussed and asked questions about maintenance of leased buildings; how state-owned buildings are maintained; issues regarding deferred maintenance; budgets for maintenance; current market rates; and best practices for leases. Mr. Petronis told the commission that the LCCA Application was created to allow people to compare the cost of leasing against the cost of owning and lease-purchasing. Members of the commission directed staff to look at the costs of leasing and owning buildings in real scenarios.

Overview of Completed Master Plans; Ongoing Master Plan Work

Andy Aguilar, ARC, referred commission members to their CBPC resource binders. He told the commission that the master planning principles section of the binder provides a concise overview of master planning intent developed for each plan. The Capitol Buildings Master Plan identifies principles applicable to general development and campus-specific planning for all state-owned campuses and facilities. The intent is to provide clear guidance for sound long-range planning and decision-making. Mr. Aguilar told the commission that the principles are presented in as follows: general development principles, including plans for future growth and change; protecting long-term asset value; and establishing a framework for campus development and redevelopment and campus-specific goals and implementation strategies.

Mr. Aguilar referred the commission to the Santa Fe Metro Area Plan. He told the commission that the plan was first adopted in 2000 and includes five campuses: the Main Capitol, South Capitol, West Capitol, Public Safety and New Mexico Department of Transportation (NMDOT) and the Correctional/Oñate campuses. Mr. Aguilar told the commission that additional components of the 2000 adopted plan are: space use standards; the first compilation of owned and leased data; and initial condition assessments of Santa Fe-area state-owned buildings. Since its adoption, the Santa Fe Area Master Plan has resulted in: the construction of the State Capitol Parking Facility; funding for the executive office building and the Health and Human Services (HHS) Complex; the adoption of a five-year plan for the Main Capitol Campus; a long-range development plan for the South Capitol Campus; and additional land acquisitions at the West Capitol Campus. Mr. Aguilar referred the commission to several exhibits in the resource binder:

- Exhibit 8, which describes the adopted five-year plan;
- Exhibit 9, which illustrates development on the South Capitol Campus;
- Exhibit 10, which illustrates the long-range development potential for the South Capitol Campus as identified in the South Capitol Campus Conceptual Master Plan 2040, which the General Services Department (GSD) has begun to implement with the renovation of the Lujan building;
- Exhibits 11 and 12, which illustrate the existing development and conceptual planning guidance for the West Capitol Campus. Mr. Aguilar noted that substantial future development at the campus requires additional land acquisition to achieve a contiguous campus with access between Siringo Road and Cerrillos Road and Camino Carlos Rey;
- Exhibits 13 and 14, which provide an overview of the Public Safety/NMDOT Campus. Mr. Aguilar noted that the NMDOT has expressed concern about encroachment of development for its D5 site, and the Department of Public Safety (DPS) racetrack is a safety concern; and
- Exhibits 15 and 16, which show existing development and conceptual planning for the Correctional/Oñate Campus. Mr. Aguilar noted that the conceptual guidance identifies several issues that have recently come to the attention of the GSD as critical issues for the Department of Military Affairs (DMA). The DMA desires to acquire land south of its headquarters facility for training purposes.

Mr. Aguilar referred the commission to the Albuquerque Metro Area Plan. He told the commission that the authority of the commission was expanded to include Albuquerque and Los Lunas in 2002. A key concept of the Albuquerque Metro Area Plan is the conceptual land use and implementation strategies for the New Mexico Youth Diagnostic and Development Center (YDDC)/Superblock site in Albuquerque and three sites in Los Lunas — the old hospital, the corrections site and the grasslands site. Mr. Aguilar told the commission that the University of New Mexico's and Expo New Mexico's needs are not addressed in this plan because they have their own master plans. Mr. Aguilar referred the commission to several exhibits in the resource binder:

- Exhibits 10 and 11, which illustrate current facilities and conceptual planning for the YDDC/Superblock site. Mr. Aguilar noted that long-range planning assumes the relocation of the YDDC functions to the Los Lunas corrections site;
- Exhibits 12 and 13, which lay out Los Lunas Campus development guidance. Mr. Aguilar told the commission that long-range development of the site proposes to

consolidate local state field offices in owned facilities and partnering with local government for open space and recreation opportunities. Mr. Aguilar also noted that this campus is in need of demolition funding; and

- Exhibits 14 and 15 for guidance pertaining to the Los Lunas correctional site — a large site that houses the Central New Mexico Correctional Facility. Mr. Aguilar noted some proposed future development opportunities for the site.

Mr. Aguilar told the commission that the Los Lunas grasslands site is a 288-acre parcel located on the west side of Interstate 25. The Albuquerque Metro Area Plan identifies this site as a location to retain for long-term state use.

Mr. Aguilar referred the commission to the Las Cruces Metro Area Plan. He told the commission that in 2006, the CBPC adopted a key planning element for implementation in Las Cruces — the development of a state office building. In 2008 and 2009, the CBPC endorsed legislation to fund construction of a state office building to house consolidated administrative functions, but funding for the building has not passed the legislature.

Members of the commission requested that ARC provide the commission with a list of facilities on each campus as well as information about users of the facilities.

Request for Master Plan Work for Substance Abuse Facilities

Mr. Burciaga told the commission that the scope of work in ARC's contract with the CBPC would allow ARC to assist with master planning for substance abuse facilities in New Mexico if the CBPC directs ARC to do so. Secretary Burckle told the commission that stakeholders have met to begin a master planning process, but the GSD is waiting for the Human Services Department (HSD) to respond in order to move forward. Members of the commission asked questions about funding for a Los Lunas substance abuse facility. Pamela Nicosin, acting deputy director, Facilities Management Division (FMD), GSD, told the commission that \$6 million has been allocated, which is not enough to move forward with the construction process. The commission agreed to postpone action until the GSD has conferred with the HSD.

Cultural Affairs Department (CAD) Capitol Improvement Needs

Secretary Gonzales told the commission that the CAD owns and manages 80 museums and historic sites that consist of more than 180 buildings. The CAD houses irreplaceable artifacts and art and maintains many historic and culturally significant structures. The CAD facilities serve as destinations for children, families and visitors from out of state. The CAD's managed collections and facilities are valued at \$650 million. Secretary Gonzales told the commission that a vital part of the CAD's mission is to preserve the patrimony of the state, which is accomplished by preserving and protecting cultural assets. The CAD relies on state allocations and private donors, gifts and grants, as well as earned income for support. Secretary Gonzales told the commission that the CAD's five-year Infrastructure Capitol Improvement Plan (ICIP) includes \$10.8 million for repairs and upgrades, \$3.2 million for the completion of cultural facilities, \$2.4 million for revitalization and exhibit improvements, \$1.7 million for equipment and \$2.7 million for expansions and planning. Secretary Gonzales referred the commission to an itemized list of ICIP requests. Secretary Gonzales provided the commission with photos and details of some projects, including: repairs to avoid safety threats at Fort Stanton; completion of the New Mexico Farm and Ranch Heritage Museum Rural Life Center; exhibit updates;

replacement of a New Mexico State Library bookmobile; and space creation for collection storing.

Members of the commission asked questions about and discussed potential funding sources for the CAD; deferred maintenance and maintenance needs for the CAD; the CAD's operating expenses; income from visitors; and the funding process for public school facilities.

Judiciary Capital Improvement Needs

Mr. Simpson told the commission that courts in New Mexico do not have many capital needs. Mr. Simpson referred the commission to a list of leased magistrate court facilities. The total lease cost for fiscal year 2014 is approximately \$6.8 million. He told the commission that the Administrative Office of the Courts is looking at making some repairs in buildings. Future potential projects include security upgrades in certain courthouses, a new consolidated district magistrate court in Roosevelt County and a project in Lovington.

Members of the commission asked questions about and discussed magistrate court security; how leases are awarded; costs of building and leasing courthouses in rural areas; maintenance of courthouses; and allocations for capital improvement needs.

GSD and FMD Update

George Morgan, director, FMD, GSD, told the commission that the GSD needs funding for larger preventive maintenance needs. Ms. Nicosin referred the commission to a handout detailing major project funding, including:

- approximately \$9.6 million for the Lujan building in Santa Fe, \$6.3 million of which has been expended;
- approximately \$8.9 million in tobacco funds and approximately \$9.5 million in severance tax bonds for the New Mexico Behavioral Health Institute (NMBHI) Meadows Project in Las Vegas;
- approximately \$4.7 million for the Santa Teresa port of entry;
- approximately \$6.7 million for Central New Mexico Correctional Facility heating, ventilation and air conditioning (HVAC) upgrades in Los Lunas;
- approximately \$4.3 million for Western New Mexico Correctional Facility HVAC upgrades in Grants;
- approximately \$5,000 from the Capitol Buildings Repair Fund and \$3 million from severance tax bonds for New Mexico Law Enforcement Academy renovations;
- \$3 million for kitchen renovations at the Central New Mexico Correctional Facility in Los Lunas;
- approximately \$1.4 million for the Roswell Correctional Center wastewater treatment system;
- approximately \$1.6 million for the DPS headquarters parking lot;
- approximately \$1.5 million from the Capitol Buildings Repair Fund and approximately \$147,000 from severance tax bonds for the South Capitol Campus parking lot;
- approximately \$1.4 million for kitchen renovations at the Southern New Mexico Correctional Facility in Las Cruces;
- approximately \$1 million for upgrades to the fire sprinkler system at the Central New Mexico Correctional Facility in Los Lunas;

- \$990,000 for surveillance cameras at the NMBHI;
- \$985,000 for security systems upgrades at correctional facilities statewide;
- approximately \$858,000 for renovations to the Motor Vehicle Division (MVD) office in Clovis; and
- \$850,000 for renovations to the Epi Duran building in Las Vegas.

Ms. Nicosin told the commission that priorities for the GSD include \$700,000 for the Roswell Rehabilitation Center, just over \$150,000 for the Clovis DPS roofs and just over \$147,000 for the South Capital Campus parking lot as well as funding for many other projects, including Casa Nor Este upgrades, the roof at the YDDC education buildings, HVAC upgrades at YDDC buildings and upgrades to facilities that house the Commission for the Blind. Ms. Nicosin told the commission that the GSD also maintains a balance of \$2 million for emergencies and unforeseen needs.

Ms. Nicosin told the commission that the Corrections Department Building Fund priorities include: \$1 million for emergencies; just over \$1 million for the Central New Mexico Correctional Facility; \$500,000 for the Central New Mexico Correctional Facility kitchen; and \$467,000 for roofs at New Mexico prisons. Department of Health statewide funding priorities include: approximately \$1.4 million for various projects at the NMBHI; just under \$800,000 for the New Mexico State Veterans' Home; \$525,000 for the Sequoyah Adolescent Treatment Center; and \$611,000 for the Los Lunas Campus natatorium.

Ms. Nicosin referred the commission to photos of the Clovis MVD office before and during renovations. She provided the commission with a time line of events at the Roswell Rehabilitation Center. The building was set on fire on August 7. The GSD declared an emergency on August 9 and engaged GranCor to demolish the building. The preliminary cost estimate for asbestos abatement and demolition was \$1.2 million. On August 15, the GSD requested permission from the Historic Preservation Division of the CAD to demolish the building. On August 21, the GSD was notified that an additional cost of \$450,000 might be required due to the amount of asbestos. On September 4, the GSD set up a meeting with the Historic Preservation Division. Ms. Nicosin referred the commission to a progress report for the New Mexico Scientific Laboratories (NMSL) for building corrective measures and risk assessment. Ms. Nicosin discussed work required on the NMSL in several areas, including a redesign of the west gate; funding for a new tissue digester; installation of humidity controls; and an effluent decontamination system.

Ms. Nicosin told the commission that \$1 million was appropriated for the Los Lunas substance abuse center during the 2013 session, and \$5 million was appropriated for the center during the 2012 session. Severance tax bonds for the 2012 appropriation must be certified by the end of fiscal year 2014 if the authorization is to remain valid. Ms. Nicosin provided the commission with the GSD site selection analysis for the HHS Complex, indicating the Las Soleras site as the best out of 16 potential sites. She discussed the application of the Historical District and Landmark Act to capital outlay projects. Ms. Nicosin provided the commission with examples of questions that must be answered by agencies on their ICIP applications.

In response to public comment from the August 4, 2013 CBPC meeting, Mr. Morgan told the commission that the FMD's environmental health and safety program assesses the changing

indoor environmental conditions of buildings and works to eliminate and prevent occupant complaints and illness. The FMD has established a proactive relationship with the New Mexico Department of Environment (NMED). Samples have been taken from 13 Santa Fe buildings, and 21 tests have been performed since January 2012. Fourteen FMD employees have been trained in building operations certification.

Members of the commission asked questions about and discussed reauthorization of funding for projects; use of statewide GSD funds; project requirements; designer obligations; NMSL projects; selection of the Las Soleras site; construction of the executive office building; tracking of indoor air quality test results; and public availability of air quality information.

Public Comment

Bruce Wetherbee presented the commission with a prepared statement from Donald Alire. He told the commission that he has concerns regarding vapor intrusion in state buildings. Mr. Wetherbee stated that there are outstanding mold issues at the Public Education Department and suggested that historic potential sites for vapor intrusion should be identified so that they can be addressed in a systematic way. Mr. Wetherbee expressed concern that New Mexico is one of only a few states that do not have a protocol to address vapor intrusion.

Mr. Morgan told the commission that the FMD has been proactive regarding preventive maintenance and indoor air quality issues, which are tracked in a database that the FMD has compiled above NMED standards. Mr. Morgan told the commission that basements in many buildings in Santa Fe are monitored regularly for radon. Members of the commission requested that the FMD publish the information regarding air quality issues.

Linda Kehoe, Legislative Finance Committee, told the commission that ICIP requests from state agencies at the time were between \$700 million and \$800 million, which is several times the state capacity.

Allan Branch, Branch Realty, told the commission that he is concerned about the effects that the selection of the Las Soleras site could have on Santa Fe. He told the commission that Santa Fe currently has a 16% vacancy rate and that the Santa Fe economy is heavily reliant on government and financial services. According to Mr. Branch, the development of the HHS Complex site at Las Soleras would increase the vacancy rate in Santa Fe to 26%. He told the commission that it is important to keep government employees in the core of Santa Fe, rather than moving them out to the Las Soleras site.

Adjournment

There being no further business before the commission, the second meeting of the CBPC for the 2013 interim adjourned at 4:18 p.m.